

Leave a
lasting legacy
for adoption!

COVENANT CARE ADOPTIONS

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At the **heart of our ministry** we are glorifying God by placing children in two-parent, Christian homes. For over 25 years, we have had the privilege of providing the choice of adoption to women facing unplanned pregnancies and building families through this option. Our **past** is paved with faithful supporters who created this ministry. Our **present** is filled with generous donors who allow us to serve birthmothers and adoptive families. For our **future**, in order to continue serving the needs of women and families in Georgia, **we need your help!**

Planned giving has the potential to benefit you while providing a strong future for Covenant Care. This brochure provides information about how planned giving can have a positive impact on your personal financial planning and your estate planning, all while having a large impact on our ministry. Your investment will ensure our services will be available to women, families, and children for years to come. Through planned giving, you can leave a lasting legacy for adoption!

COVENANT CARE ADOPTIONS



PLANNED GIVING

6 PLANNED GIVING OPTIONS

1 Bequests: A Gift Through Your Will

Benefits

- One of the most common forms of planned giving
- A bequest can be a fixed sum or a percentage of your estate
- A simple codicil to your existing Will usually suffices to implement the gift
- Takes effect only after your death
- Your estate should receive a tax benefit

How Do You Make a Bequest?

With the help of an advisor, you simply name us as a beneficiary in your Last Will & Testament to receive whichever type of gift you desire.

- Structure your gift as a specific amount or a percentage of your estate
- It may be made by transferring a gift through cash, securities, retirement (IRAs), real estate, or tangible property. It can also be made as a general bequest giving the Executor or Personal Representative of your estate the flexibility to decide which assets should be used to make the bequest.
- It can also be structured so that the residual be donated after all other specific bequests and expenses are paid

2 A Gift Through A Retirement Account

Benefits

- Retirement plans and accounts represent a large portion of most individuals' assets and are typically heavily taxed when they pass to individuals other than spouses
- Giving retirement assets to Covenant Care is an efficient income tax and estate tax strategy because we will not be subject to the income tax on the assets and your estate should get a deduction for the value of the gift
- For example, an IRA or retirement account worth \$1 million may be worth less than \$500,000 if given to Covenant Care by the children after paying income and estate taxes. The full \$1 million will be available if the funds are given directly to Covenant Care.
- Retirement assets are typically not controlled by the terms of a Last Will & Testament as they are not considered probate property. Instead, they generally pass directly to the named beneficiaries.

How Do You Gift Retirement Assets?

- Work with an advisor and your plan administrator to decide which assets to designate directly to Covenant Care
- After this decision is made, usually a beneficiary designation form must be executed (similar to life insurance)
- Typically, the designation of Covenant Care can be in the form of a percentage or as a remainder option in the event that all of the other beneficiaries fail to claim their interest or disclaim their interest

3 A Gift of Stock

Benefits

- Giving stock, during life or upon your death, is often a more tax efficient method of donation than gifts of cash
- There are two potential ways to acquire tax benefits on gifts of appreciated stock:
 - Avoid capital gains tax on the increase in value of the stock AND
 - Receive an income tax deduction for the full fair market value of the stock
- The income tax deduction is fully deductible up to a maximum of 30% of your adjusted gross income with the ability to carry the excess deduction forward as many as five subsequent years (for long-term capital stock)

How Do You Give a Gift of Stock?

- In order to achieve the maximum tax benefit, the stock should have been held for more than one year and have appreciated in value since it was purchased
- A gift of stock can be executed simply by providing your broker with our investment account information

4 A Gift Through Life Insurance

Benefits

- It is an excellent opportunity to make a large contribution for low out-of-pocket cost
 - For example, a yearly cash donation of \$1,000 can be converted into a \$1 million donation through simple term or whole life insurance
- You can make a gift to us at no cost to you through asset replenishment
 - Give cash, stock, or other property and use the tax savings to purchase an equal or greater amount of life insurance to replace your spouse's or children's inheritance
- If you name us as the owner and beneficiary:
 - You can qualify for an income tax deduction for the value of the policy
 - You can receive an income tax deduction each year for the continued payment of premiums

How Do You Give a Gift of Life Insurance?

- Check with your life insurance agent for details on filling out the appropriate forms
- You have the option of naming us as the owner and beneficiary or just the beneficiary. These two options should be discussed thoroughly with your agent.
- You also have the option of contributing all or a portion of the death benefit of the life insurance policy

5 A Gift Through Charitable Remainder Trusts

Benefits of Giving Through a Charitable Remainder Unitrust (CRUT)

- After donation to the trust, a CRUT provides you income for life as a percentage of the trust's assets value each year
- It provides a substantial income tax deduction
- It can avoid capital gains tax liability on appreciated capital assets placed in the CRUT
- After providing an income stream during your lifetime, the CRUT deposits the remainder with Covenant Care

Benefits of Giving Through a Charitable Remainder Annuity Trust (CRAT)

- A CRAT provides all the same benefits as a CRUT
- The only difference with a CRAT is that the income for life is a fixed amount that will not fluctuate with the value of the trust
- You can potentially increase your income by donating a low yield stock into the trust that pays a higher annuity for lifetime income payments

How Do You Give A Gift of a CRUT or CRAT?

- Work with an advisor to draft a trust and then transfer money, stock, or other property to fund the trust
- The trust pays you and/or your spouse (or other named individual) income for a period of time (generally your lifetime)
- After distributing your lifetime payments, the trust pays the remainder of the fund to Covenant Care

6 A Gift Through a Charitable Lead Trust

Benefits

- It is essentially the same as a charitable remainder trust in reverse (Covenant Care benefits during a period of time with the remainder going back to the donor or other named party)
- For large estates, this may be a great tool to pass significant assets to family members free of estate taxes

How Do You Give A Gift of a Charitable Lead Trust?

- Work with an advisor to draft the trust and transfer money, stock, or other property to fund the trust
- The trust pays benefits to Covenant Care with annual payments for a fixed number of years
- After the specified number of payments, the trust pays your family (or your designated beneficiary) the remaining assets.

All of the planned giving options provided here must be tailored to each individual's circumstances. We always recommend that you check with your accountant, attorney, or tax advisor for additional information on how these general rules and benefits will apply to you. We appreciate your support for this ministry and welcome any questions you have about leaving a legacy for adoption.

Learn more at
CovenantCareAdoptions.com

